

**ASSEMBLY BILL**

**No. 2164**

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**Introduced by Assembly Member Patterson**  
**(Coauthors: Assembly Members Chávez, Harkey, and Waldron)**  
(Coauthors: Senators Vidak and Wright)

February 20, 2014

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An act to add and repeal Sections 17053.13 and 23623.2 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL’S DIGEST

AB 2164, as introduced, Patterson. Income taxes: credit: education and training.

The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws.

This bill would, for taxable years beginning on or after January 1, 2014, and before January 1, 2019, allow a credit under both laws in an amount equal to 50% of the costs paid or incurred by a taxpayer for qualified education and training, as defined, of a qualified employee, as specified.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. This act shall be known and may be cited as the
- 2 California Career Advancement Tax Credit.

SEC. 2. Section 17053.13 is added to the Revenue and Taxation Code, to read:

17053.13. (a) (1) For taxable years beginning on or after January 1, 2014, and before January 1, 2019, there shall be allowed as a credit against the “net tax,” as defined in Section 17039, an amount equal to 50 percent of the costs paid or incurred by the taxpayer during the taxable year for the qualified education and training of a qualified employee, subject to paragraph (2).

(2) The credit allowed by this section shall not exceed two thousand five hundred dollars (\$2,500) per qualified employee per taxable year.

(b) For purposes of this section:

(1) “Qualified education and training” means either of the following:

(A) Education or training provided to the taxpayer’s qualified employees to maintain or improve a skill required for the taxpayer’s trade or business.

(B) Education and training provided to the taxpayer’s qualified employees in order to comply with the express requirements imposed by the taxpayer or by laws or regulations as a condition of the qualified employee’s retention of an established employment relationship with the taxpayer, qualified employee status, or rate of compensation.

(2) “Qualified employee” means an employee of the taxpayer employed within California during the taxable year.

(c) In the case where the credit allowed by this section exceeds the “net tax,” the excess may be carried over to reduce the “net tax” in the following year, and succeeding years if necessary, until the credit is exhausted.

(d) A deduction otherwise allowed under this part for any amount paid or incurred by the qualified taxpayer upon which the credit is based shall be reduced by the amount of the credit allowed by this section.

(e) Credit under this section shall be allowed only for credits claimed on a timely filed original return of the qualified taxpayer.

(f) This section shall remain in effect only until December 1, 2019, and as of that date is repealed.

SEC. 3. Section 23623.2 is added to the Revenue and Taxation Code, to read:

1 23623.2. (a) (1) For taxable years beginning on or after  
2 January 1, 2014, and before January 1, 2019, there shall be allowed  
3 as a credit against the “tax,” as defined in Section 23036, an amount  
4 equal to 50 percent of the costs paid or incurred by the taxpayer  
5 during the taxable year for the qualified education and training of  
6 a qualified employee, subject to paragraph (2).

7 (2) The credit allowed by this section shall not exceed two  
8 thousand five hundred dollars (\$2,500) per qualified employee per  
9 taxable year.

10 (b) For purposes of this section:

11 (1) “Qualified education and training” means education or  
12 training provided to the taxpayer’s qualified employees to maintain  
13 or improve a skill required for the taxpayer’s trade or business.

14 (2) “Qualified employee” means an employee of the taxpayer  
15 employed within California during the taxable year.

16 (c) In the case where the credit allowed by this section exceeds  
17 the “tax,” the excess may be carried over to reduce the “tax” in  
18 the following year, and succeeding years if necessary, until the  
19 credit is exhausted.

20 (d) A deduction otherwise allowed under this part for any  
21 amount paid or incurred by the qualified taxpayer upon which the  
22 credit is based shall be reduced by the amount of the credit allowed  
23 by this section.

24 (e) Credit under this section shall be allowed only for credits  
25 claimed on a timely filed original return of the qualified taxpayer.

26 (f) This section shall remain in effect only until December 1,  
27 2019, and as of that date is repealed.

28 SEC. 4. This act provides for a tax levy within the meaning of  
29 Article IV of the Constitution and shall go into immediate effect.